



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-2, Oklahoma State Income Tax Withholding

Date: March 4, 2004

To: Holders of TAXES (State of Oklahoma only)  
Personnel User Groups  
T&A Contact Points in Oklahoma

Beginning with wages paid for Pay Period 04, the National Finance Center (NFC) will make the following changes to the state of Oklahoma income tax withholdings:

- The exemption amount will increase from \$3,050 to \$3,100.
- The standard deduction amount for Single will increase from \$4,750 to \$4,850.
- The standard deduction amount for Married will increase from \$7,950 to \$9,700.
- The Single Federal taxable wages and Married Federal taxable wages tables will change.
- The tax rate on annual wages over \$22,560 has decreased from 7 percent to 6.65 percent.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “►◄”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov). Refer questions about this bulletin to **504-255-5322** or via e-mail to [nfc.pvct@usda.gov](mailto:nfc.pvct@usda.gov).

  
PENNY W. FORBES, Acting Director  
Government Employees Services Division

# Oklahoma State Income Tax Information

<b>State Abbreviation:</b>	OK
<b>State Tax Withholding State Code:</b>	40
<b>Basis For Withholding:</b>	Federal Exemptions
<b>Acceptable Exemption Form:</b>	None
<b>Acceptable Exemption Data:</b>	None
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

## Withholding Formula ►(Effective Pay Period 04, 2004)◄

1. Subtract the biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the adjusted gross biweekly wages.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages <sup>1</sup>.

<sup>1</sup> The maximum amount of annual wages subject to the Oklahoma tax withholding formula is \$22,560.

5. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 4.

Exemption Allowance = \$1,000 X Number of Exemptions

6. Determine the standard deduction by applying the following guideline and subtract this amount from the result of step 5.

Standard Deduction<sup>2</sup> = 15 Percent x Annual Wages<sup>3</sup>

<sup>2</sup> Minimum of \$1,000/Maximum of \$2,000

<sup>3</sup> Obtained in step 4

7. Determine the Federal tax deduction based on marital status by applying the following guideline to determine the taxable income.

**Single**

- a. Multiply the number of exemptions by ►\$3,100◄ to obtain the allowance for exemptions.
- b. Subtract the result of step 7a from the annual wages computed in step 4.
- c. Subtract ►\$4,850◄ from the result of step 7b.
- d. Apply the result of step 7c to the following table:

**Federal Taxable Wages:**

Over:	But Not Over:	Amount of Tax
\$ 0	\$ ►7,150	\$ 0.00 plus 10% over \$0
7,150	and over	715.00 plus 15% over 7,150◄

- e. Subtract the result of step 7d from the result of step 6 and proceed to step 8.

**Married**

- f. Multiply the number of exemptions by ►\$3,100◄ to obtain the allowance for exemptions.
- g. Subtract the result of step 7f from the annual wages computed in step 4.
- h. Subtract ►\$9,700◄ from the result of step 7g .
- i. Apply the result of step 7h to the following table:

**Federal Taxable Wages:**

Over:	But Not Over:	Amount of Tax
\$ 0	\$ ►14,300	\$ 0.00 plus 10% over \$0
14,300	and over	1,430.00 plus 15% over 14,300◄

- j. Subtract the result of step 7i from the result of step 6 and proceed to step 8.

8. Apply the taxable income computed in step 7 to the following table to determine the annual Oklahoma tax withholding.

**Tax Withholding Table  
Single**

If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 1,000	\$ 0.00	plus	0.5%	\$ 0
1,000	2,500	5.00	plus	1.0%	1,000
2,500	3,750	20.00	plus	2.0%	2,500
3,750	4,900	45.00	plus	3.0%	3,750
4,900	6,100	79.50	plus	4.0%	4,900
6,100	7,500	127.50	plus	5.0%	6,100
7,500	9,000	197.50	plus	6.0%	7,500
9,000	10,500	287.50	plus	7.0%	9,000
10,500	12,500	392.50	plus	8.0%	10,500
12,500	16,000	552.50	plus	9.0%	12,500
16,000	and over	867.50	plus	10.0%	16,000

**Married**

If the Amount of Taxable Income Is:		The Amount of Oklahoma Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 2,000	\$ 0.00	plus	0.5%	\$ 0
2,000	5,000	10.00	plus	1.0%	2,000
5,000	7,500	40.00	plus	2.0%	5,000
7,500	8,900	90.00	plus	3.0%	7,500
8,900	10,400	132.00	plus	4.0%	8,900
10,400	12,000	192.00	plus	5.0%	10,400
12,000	13,250	272.00	plus	6.0%	12,000
13,250	15,000	347.00	plus	7.0%	13,250
15,000	18,000	469.50	plus	8.0%	15,000
18,000	and over	709.50	plus	9.0%	18,000

- 9. Note:** If the annual wages in step 4 are greater than \$22,560, use step 9 to compute the additional tax withholding (ATW). Otherwise, proceed to step 10. Determine the ATW by applying the following guideline and add this amount to the result of step 8:

**Additional Tax Withholding Computation**

Compute Annual Wages<sup>4</sup> - \$22,560 = Annual wages over \$22,560. Annual wages over \$22,560 x ►6.65◄ percent = ATW.

<sup>4</sup> Annual wages computed in step 4, if over \$22,560

- 10.** Divide the annual Oklahoma tax withholding by 26 and round to the nearest dollar to obtain the biweekly Oklahoma tax withholding.